

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7854

BILL NUMBER: HB 1573

DATE PREPARED: Jan 8, 2001

BILL AMENDED:

SUBJECT: CPAs and public accountants.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill defines "attest", "compilation", and other terms. The bill provides standards for: (1) the certification in Indiana of a person who is certified as a CPA in another state and makes Indiana the person's principal place of business; and (2) the practice in Indiana of a person who is certified as a CPA in another state and whose principal place of business is in another state. It makes changes concerning accounting practitioners and public accountants. This bill also allows the issuance of a CPA firm permit to a CPA firm that has a member who is not a CPA under certain circumstances. The bill requires the board of accountancy to investigate complaints concerning violations committed in another state by a CPA licensed in Indiana. The bill also makes related changes.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The Professional Licensing Agency could experience additional expenditures if more licenses are processed as a result of this bill. As of August 2000, the PLA employed 50 authorized full-time staff members. Two of the positions at the time were vacant. The vacant positions were an attorney and a secretary. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: There could be an increase in revenue from fees associated with Accountancy as a result of this bill. The possible impact is indeterminable and depends on the amount of out-of-state accountants with substantial equivalency in licensing requirements with the accountant's home state of certification/licensure that would apply for certification in Indiana. Accountancy firms could also be permitted by the PLA if the firm was owned or had members of the firm not certified in accountancy, such as tax attorneys.

Additionally, the bill would phase out accounting practitioners, and roll public accountants over into certification as certified public accountants. There would be no fiscal impact during the initial rollover,

provided none of the public accountants had expired licenses.

The Professional Licensing Agency reports as of December 2000, there were 15 accounting practitioners, 6,314 certified public accountants, 149 public accountant, and 496 firms with active certification, license, or permits. Fees are as follows: firms \$20; CPA first year of cycle \$45, second year of cycle \$30, third year of cycle \$15; reciprocity \$50. If the 149 public accountants renewed their certification as certified public accounts upon expiration, an additional \$6,700 in revenue could be generated.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Licensing Agency, Board of Accountancy.

Local Agencies Affected:

Information Sources: Professional Licensing Agency.